

**CALENDAR ITEM
C69**

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**CONSIDER APPROVAL OF THE AWARD OF THE
CRUDE OIL SALES CONTRACTS TO THE HIGHEST RESPONSIBLE BIDDERS,
TRACT NO. 1, LONG BEACH UNIT, WILMINGTON OIL FIELD,
LOS ANGELES COUNTY**

APPLICANT:

City of Long Beach
Department of Oil Properties
Attn.: Mr. Sigmund Jacoby
211 E. Ocean Blvd., #500
Long Beach, CA. 90802

BACKGROUND:

At its meeting on January 30, 2002, the California State Lands Commission (Commission) authorized the sale by the Field Contractor of 100 percent (100%) of the crude oil available for sell-off from Tract No. 1 of the Long Beach Unit, Wilmington Oil Field. This crude oil is 12 ½ percent (12 ½ %) of the crude oil allocated to Tract No. 1, all of which comes from the Field Contractor's 80 percent (80%) share. The crude oil was offered for sale in two separate sales contracts. One contract is for seven percent (7%) of the oil allocated to Tract No. 1, which consists of approximately 2, 388 B/D. The second sales contract is for five and one-half (5-½ %) of the crude oil allocated to Tract No. 1, which consists of approximately 1, 860 B/D. This crude oil is currently being sold in two contracts, one with Edgington Oil Company (Edgington) (7%) and the other with Valero Energy Company (Valero) (5 1/2 %). Edgington is paying a bonus of \$0.8775 per barrel over the contract's base price, and Valero is paying a bonus of \$0. 93 per barrel over the contract's base price.

A Notice Inviting Bids for the two new crude oil sales contracts, which are to run from March 1, 2003 to September 1, 2004, was published in the Long Beach Press-Telegram on April 2, 2002 and sent to all know interested parties. Bids were received and opened on May 2, 2002. Exhibit A attached hereto shows the results of the bidding.

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STAFF RECOMMENDATIONS:

Fiscal and Legal reviews of the submitted bid material were conducted by the Commission and City of Long Beach Auditing and Legal Units respectively. Based on the results of these reviews, the highest responsible bidders have been identified on Exhibit A, attached hereto. Staff recommends awarding of the new crude oil sales contracts for Tract No. 1, Long Beach Unit, Wilmington Oil Field, Los Angeles County, to the highest responsible bidders identified on Exhibit A, attached hereto.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of the CEQA because it is not a "project" as defined by the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, sections 15060 (c)(3) and 15378.

EXHIBIT:

- A. Results of Bid Opening

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15060(c)(3) BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

AUTHORIZATION:

AWARD THE CRUDE OIL SALES CONTRACTS FOR TRACT NO. 1, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, TO THE HIGHEST RESPONSIBLE BIDDERS IDENTIFIED ON

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EXHIBIT A, ATTACHED HERETO, FOR THE PERIOD FROM MARCH 1, 2003 UNTIL SEPTEMBER 1, 2004.

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